

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 L-03 AGRE-00 CIAE-00
COME-00 INR-07 LAB-04 NSAE-00 EPG-02 SP-02 STR-04
TRSE-00 FRB-03 OMB-01 STRE-00 NSC-05 NSCE-00
ITC-01 SS-15 AF-10 ARA-10 EA-07 NEA-10 SSO-00
INRE-00 /117 W

-----033283 131043Z /15

O 130910Z JUL 77

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 9100

INFO AMEMBASSY BRUSSELS IMMEDIATE

C O N F I D E N T I A L SECTION 1 OF 2 GENEVA 5717

DEPT PLEASE PASS ELECTRONICALLY TO STR AND HANDCARRY TO AMB
STRAUSS; FOR ASST SEC KATZ, USDOC ASST SEC WEIL AND USDOL
DEP UNDERSEC SAMUEL

USEEC

E.O. 11652: GDS

TAGS: ETRD, GATT, EED, US

SUBJ: TEXTILES: RENEWAL OF MULTIFIBER ARRANGEMENT

1. (A) AFTER JULY 12 SMITH-WOLFF TELECON, SITUATION DETERIORATED
FURTHER AT 6:30 A.M. JULY 13 MEETING WITH US, EC, JAPAN, HONG KONG,
BRAZIL AND MEXICO, WHEN EC DEMANDED "WAIVER" OF ARTICLE 3 PRO-
VISIONS. EC NEGOTIATOR (TRAN) SAID THIS NEW DEMAND RESULTED
FROM LATE EVENING MEETING JULY 12 WITH MEMBER STATES, LED BY
BRITISH. THIS MORNING'S DEMAND BY EC RE ARTICLE 3 WAS FIRST
TIME THIS MATTER RAISED AND HAS SHOCKED LDC'S WHO ARE NOW
READY TO LOOSEN THE MEDIA ARTILLERY. AT 9:30 A.M. EC MEETING
AGAIN WITH EC MEMBER STATE REPS. HOPEFULLY, TRAN WILL BE ABLE
TURN THINGS AROUND, BUT THIS APPEARS UNLIKELY. AT 11:00
A.M. HEADS OF KEY DELEGATIONS WILL MEET WITH DIR-GEN LONG
(MEETING SCHEDULED PREVIOUSLY) AND FIREWORKS LIKELY IF
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EC STILL INSISTENT ON ARTICLE 3 DEMAND.

(B) ACCORDINGLY, TEXTILE DEL STRONGLY RECOMMENDS
AMB STRAUSS TELEPHONE COMMISSIONER DAVIGNON ASAP RE
CONTINUING EC UNWILLINGNESS (OR INABILITY) TO FOLLOW
THROUGH ALONG LINES INDICATED IN JULY 11 LUNCHEON MEET-
ING IN BRUSSELS. ALSO RECOMMEND CONSIDERATION OF CALL-

ING IN EC AMBASSADOR IN WASHINGTON.

2. SUMMARY TALKING POINTS:

(A) EC DELEGATION IN GENEVA NOT FOLLOWING COURSE OUTLINED TO AMB STRAUSS BY DAVIGNON ET AL DURING BRUSSELS LUNCHEON MONDAY. DRAFT LANGUAGE WHICH DAVIGNON PRESENTED TO STRAUSS AND TO WHICH WE UNDERSTAND STRAUSS GAVE GENERAL AGREEMENT, HAS BEEN CHANGED DRASTICALLY AND REPEATEDLY BY EC IN GENEVA. (DESPITE REPORTED DAVIGNON STATEMENT THAT U.S. WAS "BLOCKING" ACCEPTANCE OF THAT LANGUAGE, US DEL HAD NOT EVEN SEEN THE LANGUAGE AT TIME DAVIGNON PASSED IT TO STRAUSS. US DEL IS PREPARED TO ACCEPT SUBSTANCE OF THAT DRAFT.)

(B) LATEST EC GAMBIT IS TO INSIST ON WAIVER OF ART. 3 PROVISIONS, IF EC NOT ABLE TO CONCLUDE "SUCCESSFUL" ART. 4 BILATERALS.

(C) KEY EXPORTING COUNTRIES, AS WELL AS US AND JAPAN, HAVE BENT OVER BACKWARD TO ACCOMMODATE EC'S NEED FOR GREATER FLEXIBILITY IN NEGOTIATING NEW AGREEMENTS, BUT CANNOT GIVE EC "LICENSE FOR RAPE."

(D) CURRENT EC INSISTENCE ON WAIVER OF KEY MFA PROVISIONS FOR EC ALONE SIMPLY NOT ACCEPTABLE TO US,
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JAPAN OR LDC'S.

(E) IF COMMUNITY SERIOUS RE MFA EXTENSION, EC SHOULD QUIT PLAYING GAMES IN GENEVA AND SEEK GENUINE ACCOMMODATION WITH US, JAPAN AND EXPORTING COUNTRIES. PRESENT EC POSITION IS TO INSIST ON A COMPLETELY FREE HAND TO RESTRICT TEXTILE IMPORTS REGARDLESS OF PROVISIONS OF MFA.

3. CURRENT STATUS:

(A) VIRTUALLY ALL COUNTRIES ARE WILLING TO EXTEND (OR DO NOT OPPOSE EXTENSION) MFA WITHOUT CHANGE. MOST KEY COUNTRIES URGING EXTENSION BE CONFIRMED ASAP, AND BY COB TOMORROW (JULY 14) IF AT ALL POSSIBLE.

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INRE-00 /117 W

-----033366 131003Z /13

O 130910Z JUL 77

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 9101

INFO AMEMBASSY BRUSSELS IMMEDIATE

C O N F I D E N T I A L SECTION 2 OF 2 GENEVA 5717

(B) SUMMING-UP STATEMENT BY LONG GENERALLY AGREED
AS VEHICLE FOR ANNOUNCING CONSENSUS FOR RENEWAL, WHILE
AT SAME TIME REFLECTING CONCERNS AND PROBLEMS OF BOTH
EXPORTING AND IMPORTING NATIONS.

(C) EC, US, AND KEY EXPORTING COUNTRIES HAVE
BEEN WORKING ON DRAFT LANGUAGE ALMOST CONTINUOUSLY SINCE
JULY 7. JAPANESE HAVE BEEN KEPT INFORMED AND BECOMING
MORE ACTIVE. ALTHOUGH EC GIVES LIP SERVICE TO URGENT
NEED TO REACH AGREEMENT, EACH TIME AGREEMENT SEEMS
WITHIN REACH, EC "UPS THE ANTE" BY INSISTING ON LANGUAGE
AND COMMITMENTS WHICH NEITHER US/JAPAN NOR EXPORTING
COUNTRIES CAN ACCEPT.

(D) WHILE EXACT LANGUAGE AND TACTICS VARY FROM
SESSION TO SESSION, EC CONTINUES TO INSIST ON:

(1) "GUARANTEES" BY OTHER MFA COUNTRIES
THAT EC WILL BE ABLE TO ACHIEVE NEGOTIATING OBJECTIVES
WITH MAJOR IMPORTERS (I.E., HONG KONG AND KOREA); AND/OR

(2) "WAIVER" FOR THE EC OF MFA PROVISIONS
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CONCERNING GROWTH AND MARKET DISRUPTION IN ORDER TO
PERMIT RAPID CONCLUSION OF OVER 20 BILATERALS BEFORE
END OF THIS YEAR. MAJOR EC OBJECTIVE IS TO "STABILIZE"
IMPORT SHARE OF ALLEGEDLY SENSITIVE CATEGORIES (BE-
TWEEN 60 AND 70 PERCENT OF TOTAL IMPORTS) USING 1976
AS BASE.

(E) EXPORTING NATIONS HAVE BENT OVER BACKWARD IN EFFORT TO ACCOMMODATE EC NEED FOR GREATER FLEXIBILITY, WITHOUT GIVING EC LICENSE FOR RAPE; FOR EXAMPLE, HONG KONG STATED TO TEXTILES COMMITTEE THAT IN NEGOTIATING AN ARTICLE 4 AGREEMENT, IT DID NOT EXCLUDE THE POSSIBILITY OF REASONABLE DEPARTURES FROM PARTICULAR ELEMENTS OF ANNEX B PROVIDED THE AGREEMENT ON OVERALL TERMS IS MORE LIBERAL THAN MEASURES PROVIDED FOR IN ARTICLE 3 OF MFA. US AND JAPAN HAVE ALSO BEEN FORTHCOMING.

(F) NEGOTIATIONS NOW AT CRITICAL STAGE, WITH REAL EC INTENTIONS INCREASINGLY UNCLEAR AND QUESTIONED BY LDC'S, AS WELL AS US AND JAPAN. IF EC CONTINUES TO PERSIST IN "UPPING THE ANTE" WHENEVER AGREEMENT SEEMS NEAR, NEGOTIATIONS WILL COLLAPSE BY THIS AFTERNOON OR TOMORROW.

4. LATE ADDITION FOR WASHINGTON: IN SMITH TELECON 9:00 A.M. GENEVA TIME WITH AMB HINTON, LATTER SUGGESTED STRAUSS ALSO CONSIDER RAISING ISSUE WITH FRG CHANCELLOR SCHMIDT DURING SCHMIDT'S CURRENT US VISIT. AMB HINTON ALSO REPORTED THAT DAVIGNON HAD TOLD HIM HE WOULD BE CALLING TRAN FOR STATUS REPORT THIS MORNING. VANDEN HAUVEL

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Message Attributes

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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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